

AIRGRAM

DEPARTMENT OF STATE

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INFO

DATE REC'D.

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TO - AID/W TOAID A- 1169

X

~~Info: Bureau of Economic~~

1969 NOV 17 9 28

FROM - Seoul

AID
C & A - BR

DATE SENT

11/12/69

SUBJECT - Public Administration PROP

REFERENCE -

Attached is a non-capital project paper (PROP) covering Project 489-11-790-652 Public Administration.

FORTER

Attachment: a/s

PAGE 1 OF 12 PAGES

DRAFTED BY DMH:csb	OFFICE PSD	PHONE NO. 4131	DATE 11/3/69	APPROVED BY: DD:MCWedeman DD:ICGentner
AID AND OTHER CLEARANCES AD/P:DMChandler (in draft) AD/P-P:AJCoppola				PSD:FAJessup AD/P:ACRevelle
CLASSIFICATION (Do not type below this line)				AMB DCM D DD PSD AD/P AD/E CIRON

NON-CAPITAL PROJECT PAPER (PROP)

Country: Korea

Submission Date: 1969

Project No.: 489-11-790-652

Project Title: Public Administration Original X

U.S. Obligation Span: FY 1964 through FY 1971

Physical Implementation Span: FY 1964 through FY 1972

Gross Life-of-Project Financial Requirements: U.S. Dollars \$1,241,000

A. Summary Description

There is still a wide discrepancy in Korea between the public administration theory which is taught in the Korean Universities and training institutions and the actual practices and procedures followed in central and local government administration. One manifestation of this gap between theory and practice is the research in public administration carried out by the higher educational institutions. Their research methods are highly theoretical and all too frequently the results are unrelated to public administration practices actually prevailing in Korea. Lack of coordination between governmental organizations and even within a single institution is also a serious and wide spread problem.

In addition to the need to bring about changes in the traditional concepts and practices in the area of public administration, the ROKG faces new problems such as urbanization and the need for greater decentralization of government administration which have arisen as Korea's economy has been developing and bringing Korea closer to an industrial society.

Thus, Korea's needs for technical assistance in the area of public administration are many and compelling. In fact, they are so vast that U.S. assistance has had to be limited to selected key areas of particular importance where U.S. technical advice and participant training is designed to eliminate crucial bottlenecks to the resolution of these problems and thus enable the ROKG by the end of FY 1971 to begin to cope with these problems without the kind of U.S. technical assistance provided under this project.

In order to help alleviate some of the problems described above, it is proposed that the U.S. continue providing selected inputs to public administration institutions and organizations which are most likely to adapt and adopt the new ideas and new approaches needed to keep up with the rapidly changing conditions in the social, economic and political structures in Korea. These selected inputs will go to central government organizations, such as the Ministry of Government Administration in personnel and O&M administration; to the Ministry of Home Affairs to strengthen the backstopping of provincial and other local government administrations and the seven in-service training institutes responsible for improving local management; to the special cities of Pusan and Seoul; to other institutions such as graduate schools involved in the research concerning the transition from rural to urban living; to the Administrative Improvement Research Commission (AIRC) which is responsible for overall improvement of the government and government-owned enterprises; to the

Ministry of Finance and its Office of National Tax Administration; and to the Office of Labor Affairs' Employment Service. This assistance will be provided in the form of advisory services by full-time and TDY advisors, participant training, and local currency support for research and other appropriate project activities.

The major purpose of this type of technical assistance is to focus the attention of ROKG officials and professors in the universities on the qualitative approach to management, to highlight the sociological problems developing in Korea as a result of the rapid changes taking place, to introduce fresh ideas in social fields related to the nation's overall development, and to point out certain areas, such as local government administration and urbanization, that require more attention and assistance.

In addition to the services of a direct-hire public administration advisor during FY 1970 and FY 1971, it is proposed that this project finance the full-time PASA services of a technician to advise on taxation ~~and~~ ~~taxation with manpower utilization~~ and various short-term technicians to assist with public administration and urban-regional planning activities. The project will further finance the training of participants in various aspects of public administration, taxation, urban planning, and manpower utilization. Attached is a schedule of the overall financial requirements of the project.

NONCAPITAL PROJECT FUNDING (OBLIGATIONS IN \$000)

PROP DATE:
Original
Project. No.: 489-11-790-652

<u>Fiscal Years</u>	<u>Technicians Direct Hire</u>	<u>PASA</u>	<u>Participants</u>	<u>Commodities</u>	<u>Total</u>
Prior thru FY 1969	\$307	\$327	\$229	\$58	\$921
Operational FY 1970	35	111	60	-	206
Budget FY 1971	34	51	29	-	114
 TOTAL ALL YEARS:	 \$376	 \$489	 \$318	 \$58	 \$1,241

LOCAL CURRENCY FUNDING a/

<u>Year</u>	
1969	¥ 29,100,000
1970	29,000,000 b/
1971	<u>24,100,000</u> b/
TOTAL:	¥ 82,200,000

Notes:

a/ Prior to FY 69 all Won project costs were disbursed through Tech Support Trust Fund Budget.

b/ Estimated needs; actual amounts to be negotiated with BONG at time of formulation their Won budgets.

B. Setting/Environment

Over the past five years the Republic of Korea has made unusually great progress in developing the nation's economy, as evidenced, for example, by a 13.3 percent growth in GNP in 1968. At the same time Koreans have had comparatively less success in introducing the needed institutional improvements, especially in public administration, which would facilitate continued economic growth. Although the economy has been advancing rapidly, developments in related social and political spheres have been progressing at a slower pace. Consequently, Korea has a clearly identifiable need for new ideas and innovative approaches to keep up with the rapidly changing conditions in the social, economic, and political situation in Korea.

The ROKG and private organizations have made some attempts to identify social and administrative problem areas and to devise appropriate solutions. For example, there exist numerous schools of higher learning in Korea which provide bachelor's and master's degree programs in public administration to educate leaders in all aspects of modern administrative thought and procedures, especially as applicable to Korea's current and planned development. At the same time there is a whole system of institutes of in-service training for Korean government, educational, and business people in both general management as well as in specialized areas, again to continuously up-date Korean institutions and practices. These and other arrangements indicate that Korea is aware of the necessity to modernize all aspects of its government and society, and that it is making an effort toward achieving this goal. However, while some limited facilities exist, there is still a great need to improve the quality of such organizations. In addition, as Korea progresses, its society becomes more complex, with even more difficult problems arising that are still quite new and foreign to the Korean people.

Some of the increasingly more urgent problems affecting Korea are those that result from urbanization. Korea's population today is about 43 percent urbanized and 57 percent rural. With rapid industrialization taking place in many areas these percentages are quickly being reversed. As more people migrate to the cities it is estimated that by the year 2000 Korea's population will be 80 percent urban. The size of this population movement and the rapidity with which it takes place create urban problems in housing, water supply, public transportation, air pollution and noise abatement, street and road improvement, unemployment and slum clearance. The nature of these complex problems demands actions which the institutions of a developing country like Korea are not fully equipped to handle.

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Related to the problems flowing from urbanization is the need for better physical planning in regional and urban areas. Until recently virtually no physical planning existed in Korea. Even now, there is very little physical planning taking place because of lack of financing and even a lack of understanding of the need for such planning. The little planning that is done is usually performed by the central government and is frequently erratic. The result is that Korea continues to grow economically by leaps and bounds in a way which is not always in the nation's best long-range interests and which causes attendant social problems.

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Still other problems exist which detract from Korea's efforts to more fully modernize the nation and to introduce qualitative as well as quantitative development. The ROKG and its agencies need improved management to better serve the public and to utilize fully the nation's manpower and material resources for increased economic development work. Coordination between government organizations as well as within these agencies is still inadequate. Local governments require more autonomy and more efficient administration to better serve the people in all areas of the country. Local and national tax management should be strengthened to provide more economic resources with which to foster development and decrease borrowing. There is also a need for capital improvement budgeting at the provincial and city levels, and for manpower studies and employment statistics and services at all levels.

In view of the abovementioned conditions, the ROKG requested that the U.S. Government provide appropriate assistance. Initially, this U.S. assistance was supplied under numerous projects, including Revenue Administration Improvement and Urban Development projects. Now, however, all of these project activities have been consolidated under this Public Administration Project.

Under this project, which began in 1964, the U.S. has already provided largely technical advisory services as well as training and limited commodities (text books, professional journals, and drafting equipment) to assist several administrative organizations and institutions, both private and public. Areas of assistance have included the civil service system, academic and in-service training of government officials, central and local government administration, and urban and regional planning at the central and local government levels. With the help of this U.S. project assistance, (1) the ROKG established the Administration Improvement Research Commission (similar to the Hoover Commission), which has been successful in implementing many recommended changes for improvements in government operations; (2) the pension system for the civil service has been upgraded and pay has been increased for public servants; (3) the in-service training at the Central Officials Training Institute (COTI) has been improved; (4) the Office of

Labor Affairs has set up an employment service in numerous cities and has started statistical reporting of labor trends; (5) the Graduate School of Public Administration at Seoul National University has established a Department of Urban and Regional Planning; and (6) sweeping improvements have been made in tax administration.

C. Strategy

This project was set up as part of the U.S. strategy to help focus the attention of ROKG officials, university professors, and others on the qualitative approach to management, as contrasted with a strictly quantitative approach; to highlight the sociological problems developing in Korea as a result of the rapid changes taking place; to help introduce fresh ideas on the Korean scene; and to point out certain areas, such as local government administration and urbanization, that require more attention and assistance. It is the intent of the U.S. to help the Koreans understand that a nation cannot truly develop if improvements occur only in the economic sphere. Instead, advancements must necessarily take place in the social and political realm as well in order to construct the strong foundation needed to support continued economic progress.

As part of the U.S. strategy, it is planned that there be continuing contacts between Korean and U.S. institutions for a greater exchange of ideas concerning political and social thought. This contact is important for Korea in order to stimulate discussion and further thinking concerning Korea's development. It already has been found that these Korean institutions tend to stagnate when contact with similar foreign institutions has been lost. Thus, it is important that the U.S., whether through public or private channels, maintain continuing relationships with Korean universities and other organizations to encourage a viable Korean effort in this area.

An additional aspect of U.S. strategy assisted by this project is to foster greater Korean reliance upon its own resources. ~~As an aftermath of the disastrous Korean war, Korea has come to rely heavily upon the U.S. for military and economic support as well as intellectual stimulation to support the nation's development. Now, however, Korea has reached a stage where it no longer must depend on the U.S. for these inputs. Korea has the material and technical resources to carry on more of its own development program. Thus, the U.S. is attempting to bolster Korean confidence to encourage Korea to look within itself and rely more on its own resources.~~

D. Planned Targets, Results and Outputs

This project is designed to help achieve the following results during the periods indicated:

1) Central government administration -

- a) implement U.S. recommendations to improve the central government's position classification system (by end of FY 1971);
- b) advise the Ministry of Government Administration and the Administrative Improvement Research Committee concerning the refinement of techniques used in the continuing task of improving government administration (by end of FY 1970);
- c) complete U.S. advisory assistance to the Office of National Tax Administration (ONTA) and the Tax Systems Bureau culminating in a blue print to guide future improvements in tax administration and operations (by end of FY 1971);
- d) provide advisory assistance to the Office of Labor Affairs (OLA) Employment Service which will focus the attention of OLA officials on the services that an employment service should provide (by end of FY 1970); and
- e) provide short-term (6 months) observation tours in the U.S. for one high-level official each from the Economic Planning Board, the Ministry of Home Affairs, and the Ministry of Foreign Affairs to observe inter-agency coordination and administration in the U.S. Government (FY 1970).

2) Local Government Administration -

- a) assist a medium-sized city (Chunchon) in developing a capital improvement budget system. This Trust Fund project, involving a study of approximately six months, will develop a working model of a capital improvement budget that should be useful for installation in other local government organizations (by end of FY 1971);
- b) complete a comparative study of two provincial governments in the southern part of Korea. This Trust Fund-supported sub-project involves using university professors and provincial officials from two provinces as well as some professors from Seoul to help devise improved administrative procedures (by FY 1971);

- c) partly as a result of 2 (a) and (b), help the ROKG and local governments to begin work on new approaches to local government administration or even the creation of a Korean model for local government (by end of FY 1971); and
- d) initiate further actions leading to giving greater priority by the ROKG and private institutions to such urgent problems of rural areas as over-population, marginal employment, and migration to urban areas (by FY 1971).

3) Urban Development -

- a) conduct a local currency-supported research project in land-use in a major city (Seoul) to provide the basis for similar studies elsewhere, and to draft a handbook or written guide for urban planning (by FY 1971); and
- b) advise the ROKG on starting an in-service training program for urban and regional planners, especially for those who are already working in this area, to give them opportunities to discuss mutual problems with their colleagues as well as with other university professors and experts. This program, which should be conducted in the ROKG's in-service training system, would have an automatic "feedback" into the curriculum of graduate schools having courses in urban and regional planning (by FY 1971).

E. Course of Action

USAID proposes to achieve the aforementioned targets through the continued provision of technical advice, participant training and local currency support. During the remaining life of this project, the U.S. will supply, on a declining scale, the necessary inputs to help improve local and central government administration, introduce modern ideas of political and social concern as necessary concomitants of economic development, and highlight new problems requiring heretofore radically new solutions. The ROKG and private Korean organizations will continue to make comparable contributions as well.

Under this project the U.S. proposes to provide additional advisory services consisting of one direct-hire Public Administration Advisor and numerous TDY technicians to advise the ROKG offices on methods of up-grading administration. One full-time, PASA technician will continue to work closely with the OLA through FY 1970, and another will work with the OLA until the end of FY 1971. In addition, there will be 21 participants in FY 1970 and 10 in FY 1971 in fields related to public administration and social aspects of development.

Some of the specific courses of action proposed under this project are as follows:

A. Central and Local Government Administration -

This program includes the study of local government administration through the use of Trust Funds to finance ~~the~~ research projects related to this project (as previously described). It is proposed that summaries of the studies be channelled through the AIRC to Korea's President for eventual implementation. ~~Future appointments for the government administration and will depend upon the completion of the research and subsequent actions taken.~~ This sub-project will be assisted by the Public Administration Advisor.

B. Urban Development -

Urban development will consist of the following programs:

- (1) An in-service training program in urban and regional planning will be conducted with the help of two technicians - one a city planner and the other an expert in in-service training. Assistance will be sought from the Department of Urban and Regional Planning of Seoul National University's Graduate School of Public Administration (GSPA) in establishing this program.
- (2) Long-term academic training to three future faculty members of the GSPA's Department of Urban and Regional Planning will also be financed under this project.
- (3) Finally, there is a need for an organization outside the ROKG and its academic institutions to provide further encouragement for the systematic study of the sociological aspects of urbanization in Korea. There is already some activity on this in a number of universities, but sociological research in Korea is small and to a large extent not communicated between scholars. This project will provide advisory and possibly local currency support in this area.

C. Continuing Institutional Relationship and Encouraging New Relationships

A major requirement for the ROK is the maintenance of institutional and organizational relationships that will continue to make inputs when needed or requested in introducing fresh or modern ideas. Academic institutions have done this to a degree, but they tend to depend upon their governments for grants to hold seminars, to exchange research, or to work together on only mutually interesting research. One relationship that has started here in Korea is the ILCORK Group or the International Liaison Committee for Research on Korea. The ILCORK group is composed of American and Korean university scholars and is inter-disciplinary in its fields of activity. This organization has already made preliminary studies of the

City of Taegu to determine what more intensive research is required to help stimulate the development of improved urban planning, administration, and environment. One of the major courses of action under this project will be to advise the ROMG on finding similar arrangements which will keep these kinds of worthwhile relationships active.

PORTER

AGENCY FOR INTERNATIONAL DEVELOPMENT (A.I.D.)

PROJECT AUTHORIZATION

Proj. 4890652
PN-

1. PROJECT NUMBER 489-11-790-652	3. COUNTRY KOREA	4. A 0061
2. PROJECT TITLE Public Administration 489-11-740-589 Sub-project of Technical Assistance to ROKG Activities		5. AUTHORIZATION DATE 6/3/70
		6. PROP DATED 11/12/69

7. LIFE OF PROJECT

a. Number of Years of Funding: 8

b. Estimated Duration of Physical Work

Starting FY 19 64 Terminal FY 19 71

After Last Year of Funding (in Months): 12

FUNDING BY FISCAL YEAR (in U.S. \$ or \$ equivalent)	DOLLARS		P.L. 480	LOCAL CURRENCY			
				Exchange Rate: \$1 = ₩ 284		U.S. OWNED	
	GRANT	LOAN	CCC + FREIGHT	GRANT	LOAN	JOINTLY PROGRAMMED	HOST COUNTRY
Prior through Actual FY 69	921						Trust Fund
Operational FY 70	191						66
Budget FY 71	114						70
B + 1 FY 72							60
B + 2 FY							
B + 3 FY							
All Subsequent FY's							
TOTAL	1,226						241

8. DESCRIBE SPECIAL FUNDING CONDITIONS OR RECOMMENDATIONS FOR IMPLEMENTATION, AND LIST KINDS AND QUANTITIES OF ANY P.L. 480 COMMODITIES

10. CONDITIONS OF APPROVAL OF PROJECT

(Use continuation sheet if necessary)

11. Approved in substance for the life of the project as described in the PROP, subject to the conditions cited in Block 10 above, and the availability of funds. Detailed planning with cooperating country and drafting of implementation documents is authorized.

This authorization is contingent upon timely completion of the self-help and other conditions listed in the PROP or attached thereto.

This authorization will be reviewed at such time as the objectives, scope and nature of the project and/or the magnitudes and scheduling of any inputs or outputs deviate so significantly from the project as originally authorized as to warrant submission of a new or revised PROP.

A.I.D. APPROVAL	CLEARANCES	DATE
<i>with a being to be</i> SIGNATURE EA/DP	EA/NEAP:CSBell <i>CSB</i>	5/28/70
	EA/NEAP:CFShook <i>CFS</i>	5/28/70
6/3/70 DATE	A/CONT	